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DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS FIRST SESSION

New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

Addendum

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Chapter I

SUBSTANTIVE PREPARATIONS FOR THE CONFERENCE

(Agenda item 3)

(b) Assessment of progress in the implementation of the Programme of Action during the 1990s at the country level

1. The **Chairperson of the High-level Panel** established by the Secretary-General of the Conference informed the meeting that the seven-member Panel had been appointed with a general mandate to: assess the results of the Programme of Action for the LDCs for the 1990s at the country level; review the implementation of international support measures; and suggest appropriate contributions towards the new Programme of Action. The Panel members had visited a number of countries in Africa and Asia to gather perceptions of the Programme of Action by all stakeholders. Subsequent visits to donor capitals would follow. The first meeting of the Panel had taken place in Geneva in June 2000, and a follow-up meeting had taken place in New York in July to refine the Panel's mandate and define the scope, content and focus of its report.

2. On a preliminary basis, the Panel had established that: there was a lack of awareness on the part of LDC Governments of the content of the Programme of Action; dissemination to other stakeholders had been inadequate; difficulty had been encountered in coordinating with other Programmes of Action emanating from major United Nations Conferences, perhaps because of the proliferation of such outcomes; and weaknesses had come to light in human and institutional follow-up capacity. This notwithstanding, the Programme of Action had sometimes helped to focus action, even if the direct linkages with national plans remained tenuous. The Panel had also observed that international support measures fell short of needs.

3. Regarding the Programme of Action, it was couched in general terms, and this weakness should be remedied by clearly indicating benchmarks and targets to be achieved. It was also observed that the questionnaire used by UNCTAD to monitor progress at the country level was too lengthy and vague. The other problems identified related to too narrow a definition of stakeholders, and lack of clear recognition of the role of regional and subregional integration groupings. On the basis of these preliminary findings, the Panel had defined areas for detailed recommendations, including governance and institutions, poverty and national strategies for economic development, human resources development and the role of external actors. Finally, the Panel hoped that its contribution would provide a useful input into the unfolding intergovernmental process. The next meeting of the Panel would be held in New York in September.

4. The **Executive Secretary of the Conference** said that with regard to country-level preparations, 46 LDCs had been visited by the LDC III Conference secretariat, National Preparatory Committees (NPCs) had been established, and local resource persons mandated to provide substantive support to NPCs had been recruited. The EU had committed ECU 80,000 for each LDC, and some UNDP offices had expressed interest in providing additional funds. Bilateral and multilateral donors represented in LDCs had been requested to support the preparatory process.

5. To date, 19 draft country-level programmes of action had been presented. The new approach, involving a broad range of stakeholders and interaction with local-level development partners, was expected to enhance the integrity of such programmes and also facilitate their implementation. However, progress in the preparation of programmes was rather slow. The demands placed on Governments by different aid agencies were enormous, and funding problems had also arisen. In some cases coordination at the government level had not been effective enough.

6. The message that LDC III could reduce overlapping planning demands by bringing all the various initiatives together under a coordinated planning framework which could guide development activities and international support for the next 10 years had encouraged support for the preparatory process. The challenge was to ensure that that happened.

7. The issues paper prepared by the LDC III secretariat (A/CONF.191/IPC/12) shed light on the most critical constraints affecting the goals of the Programme of Action, and it contained proposals that could be considered as a broad framework for providing a new Programme of Action. The *LDC 1999 Report* revealed that the LDCs' poor performance in world trade was caused by their weak productive capacity resulting from a host of structural and other supply-side constraints. The *Trade and Development Report, 1999* emphasized that leaving global economic integration to markets had not helped reduce biases in the global system against the poor. Bold leadership, purposeful cooperation and compassion were essential ingredients if today's fragmented global economy was to give way to a century of peace and prosperity.

8. The **representative of Ethiopia** hoped that the Conference on the Least Developed Countries would serve as an occasion to renew the collective commitment and shared responsibility of the international community to reverse the continued socio-economic decline in LDCs. He expressed frustration that the economic situation of LDCs had shown no improvement since the adoption of the Paris Programme of Action for the LDCs for the 1990s. The factors behind that failure included lack of investible income, lack of export diversification, a plunge in commodity prices, negligible FDI flows, dwindling ODA and meagre domestic savings. The situation of the LDCs was further compounded by conflict, disease and recurring natural disasters. The paradox of the movement of development finance in the reverse direction was a matter of serious concern. While needs were continuing to mount over time, official sources of development resources were dwindling rapidly.

9. The debt burden of the LDCs had become unsustainable. However, the HIPC initiative was a major step in the right direction, and the recent debt cancellation and pledges of leaders of major creditor countries would also be of enormous help. The LDCs themselves had made substantial efforts in implementing macro-economic policy reforms in line with the Paris Programme of Action. He regretted the slow implementation of the Integrated Framework for Trade Related Technical Assistance for LDCs. To achieve sustainable growth in LDCs, national policy reform efforts must be accompanied by adequate and a predictable external economic environment.

10. The **representative of Bangladesh** supported the statement made by Ethiopia and welcomed the report of the High-level Panel. Referring to the common position adopted by LDCs at Sun City, South Africa, relating to market access and other issues, he underlined the need to address problems in a comprehensive manner and cited the Comprehensive New Plan of Action presented at Seattle by LDCs as a possible paradigm. The Integrated Framework needed to be resuscitated, and care was needed in the selection of projects. The range of stakeholders should also be expanded. He called for speedier release of resources to facilitate preparation of country papers, as some countries appeared to be facing difficulties in this respect.

11. The **representative of Japan** said that his country, as the largest donor of ODA to LDCs, was deeply committed to the success of the Conference. A new Programme of Action for the next decade must be realistic and bear in mind the importance of a sense of ownership by LDCs, the limited resources for development, and the need for coordination among development partners. The Programme of Action should be truly integrated into national development programmes and existing development policy coordination mechanisms, such as the round tables of UNDP and relevant groups of the World Bank. Regular monitoring and follow-up should be organized in order to ensure the effective functioning of national action programmes. Finally, the next Programme of Action for LDCs and national action programmes should adopt a more focused approach in setting targets based on priorities identified by the Governments of LDCs as well as by civil society.

12. The **representative of Norway** noted that the situation of LDCs and the upcoming Conference were of concern not only to UNCTAD and the United Nations system but to the international community as a whole. The LDC issue was crucial to reduce absolute poverty; ensure peace, stability and international security; promote human rights, global health, sustainable development and capacity-building; and to address the issues set out all in the important negotiated global documents. He supported the proposal that the elaboration of a new Programme of Action should be based on a bottom-up approach, beginning with country assessments and planning in order to establish genuine ownership. Although Norway still had to study the country reports in

detail, he believed that useful insights could be obtained therefrom. The full involvement and participation of all agencies was crucial, and the idea of establishing inter-agency task forces might be explored even in the preparatory process to lay the ground for an effective follow-up. The final product in Brussels should be an effective and integrated instrument.

13. The **representative of Nepal** said that LDC III should be a Conference with a difference. To achieve this, the Committee should seriously reflect on the difficulties encountered with the last two Programmes of Action. The assessment to be undertaken by the High-level Panel was very important, and the Panel would have to come up with specific recommendations to address the imprecise nature of the Paris Programme of Action. It should identify and prioritize a few important areas to ensure a realistic Conference outcome. It was equally important to address the weaknesses in institutional machinery, from the preparatory stage to follow-up and implementation.

14. The **representative of Zambia** said that Zambia had carried out far-reaching economic reforms and stabilized its macro-economic framework. This exercise had achieved some successes but was also beset by constraints and setbacks. The major unfavourable factors encountered during the 1990s had included: failure to diversify significantly into non-mining sectors; occasional disasters; application of austerity measures; overhang of large and unsustainable debts; low domestic savings; and declining investment, especially in the productive sectors. These factors had left Zambia with a deteriorating general infrastructure; a weak private sector; a huge and unsustainable debt-burden; and a high level of poverty. These factors and the high prevalence of HIV/AIDS and other diseases were concerns that needed to be addressed urgently. Zambia would be implementing appropriate poverty reduction strategies and promoting good governance, but it would require supportive external measures to build up its productive capacity and access information, technology and markets. It was also necessary to ensure regional peace as a precursor of economic growth, and the Government of Zambia had made conflict resolution and peaceful mediation a major element of its foreign policy. Finally, LDC III offered the opportunity for development partners to spell out a concrete and practical strategy to turn all WTO Agreements into instruments capable of transforming the productive capacity of LDCs.

15. The **representative of Angola** stressed the importance of the mobilization of external resources. Good governance, democratization, human rights, the promotion of women, and corruption were important matters, but they were domestic issues and should not serve as artificial barriers or as pretexts for shutting off financing. Bold strategies must be put in place, and the Brussels Conference must take an innovative and pragmatic approach to be a success not only as a Conference but also in terms of the subsequent implementation of the bold strategies. Of course, until the developed countries removed tariff and non-tariff barriers, no such success would be possible. For example, UNCTAD's generalized system of preferences was ineffective, since the LDCs' supply capacity was limited, particularly for industrial products, and since preferences were determined by the developed countries, without there being any obligation. The meagre economic progress in LDCs was a matter of concern, and the Conference needed to

engage in parallel processes involving the LDCs, the United Nations system and donor constituencies. Recommendations on policy reforms from the different multilateral players must be better coordinated and more consistent.

16. The **representative of Switzerland** said that the weakness of the Programmes of Action adopted earlier was that they were vague and diffuse, and it was important that the new Programme of Action be more focused. Document A/CONF.191/IPC/12 provided more questions than answers, and finding answers to the questions posed would advance the work of the Intergovernmental Preparatory Committee. In this context, document A/CONF.191/IPC/13 provided very interesting inputs to be built on in the course of the process. He supported the bottom-up approach but insisted that national-level programmes should be country-specific and should not duplicate other existing and valuable plans and strategies, e.g. PRSPs, CDFs or CCA/UNDAF. He felt that certain elements e.g. good governance and human rights, had not been treated sufficiently that they deserved more in-depth analysis. There was also a need to highlight issues related to comparative advantage and the role of regional and sub regional cooperation. While certain issues such as ODA were very important, other issues such as market access should not be sidelined. Finally, it was essential that other international organizations such as the UN Funds and Programmes, as well as the World Bank and IMF should participate fully in the preparatory process. Important initiatives, such as the HIPC initiative must be taken into account.

17. The **representative of Burkina Faso** expressed appreciation for the quality of the report of the High-level Panel. It might be true that the LDCs were little acquainted with the Programme of Action for the 1990s, but it was also important to take account of the level of interest of development partners in the Programme. The way in which the Paris Programme of Action had been formulated had not permitted real ownership by the LDCs, and the Programme had not been derived from national programmes. The process now under way was different and featured encouraging innovations. It would, however, be important to clarify the role of regional coordinators and provide them with the necessary resources. The coordinators' missions to the LDCs should also be better planned, in close cooperation with UNDP field offices, to ensure that national committees were informed in good time. National preparatory committees should be strengthened through continued representations by the Conference secretariat to the European Union to obtain the disbursement of resources. Finally, the various initiatives (World Bank Poverty Reduction Strategy Papers, UN Development Assistance Fund) should be better coordinated at the national level in order to produce consistent documents in terms of national priorities.

18. The **representative of Benin** welcomed the report of the High-level Panel. There was a dearth of information regarding the implementation of the Programme of Action for the 1990s, in particular the link between the global programme and country-level programmes. His country was extremely interested in developing appropriate benchmarks and indicators at both the national and the global level for the implementation and evaluation of the forthcoming Programme of Action. It was worried about the weak productive capacity of LDCs and suggested that one of the priority areas on which the Programme of Action should focus should be enhancing that capacity; even if LDCs were given market access, they would not benefit if they did not have any products to export. Finally, regional cooperation and integration had great potential in terms of improving the situation of LDCs.

19. The **Secretary-General of the NGDO-EU Liaison Committee**, which had met from 24 to 26 July at United Nations Headquarters in New York, read a statement in which the 50 NGO delegates from both South and North expressed support for the cause of LDCs. In their view, the Conference should adopt a coherent global framework for the eradication of poverty, tackle increasing global inequality, and ensure rights based on development. The Paris Conference for the LDCs held in 1981 and 1990 had achieved meager results, and there was a danger that the Third Conference would do nothing but reiterate a hollow set of promises.

20. The NGOs believed that the causes of poverty should be analysed and a concrete Programme of Action to break the cycle of poverty in LDCs should be adopted. Action must also be taken to combat HIV/AIDS, which was undermining development efforts in many LDCs. Some LDCs were rich in mineral wealth, but their development was held back by civil wars. Conflicts were also fueled by international trade in arms produced in the North.

21. For the LDC III Conference to succeed, a break-through was required based on the fulfillment of five basic needs: food security; education; housing; health; and a living wage. But to achieve such objectives, there must be shared responsibility on the part of LDCs and their development partners. Within the donor community, it should be realized that the current model of free market economics had not worked for LDCs, that there needed to be a fundamental rethinking of the strategy and that debt simply must be cancelled. The G.8 Summit in Okinawa had produced no new push on this key issue. In LDCs, Governments needed to recover their moral authority through good governance in order to strengthen their hand in global negotiations, and they had to create a spirit of solidarity among themselves, developing a common agenda and building a common front on vital issues. Finally, the structure of the Conference should be integrative, rather than follow the proposed separate two-track parallel process.